G.R.S. IX—5]

Previous references. 1

1922
Jul.

File No. 140-22.

Serial Nos. 1.

Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for December 22.

SUBJECT

Levy of export duty on Sandalwood

Printed on the Multigraph.

(1

General and Revenue Secretariat.

File No. 116 of 19 21

Serial No.

Please see Chapter XI of the Fiscal Commission Report, in which the question of Export Duties is dealt with in detail. Paras 781 & 782 deal with the effect of such export as monopolies. The Commission are of opinion that such Duties may be levied for revenue purposes, when there is a reasonable possibility that the tax will fall mainly, if not entirely, on the foreigner and does not prejudice production in India. In the case of Sandal oil it may be taken that the burden of the Export duty falls on the foreigner. Sandalwood is an Indian monopoly, particularly of Mysore, Madras & Coorg. It is just possible that the Madras & Coorg Governments will also welcome such a levy, if with no other object than to stifle possible German competition.

As regards the application of the tariff to the case of Indian States please see Chapter XVI, para 299.

4.11.21

(G Lees)

NOTE—Contn. sheet.

(2

G. R. S. III-21

General and Revenue Secretariat.

De File No. 140 of 19 21.

Serial No.

In para 182 of the Fiscal Commission's report, the following recommendation is made "We hold therefore that export duties should not be imposed for the purpose of protecting industries." Perhaps therefore ~~that~~ we have to think of a duty only for revenue purposes. But the Cooperation of the Indian Govt. will have to be sought and the case will have to be placed before the Tariff Board through the Govt. of India — Para 300 of the Fiscal Commission's Report. The report of the Govt. of India that all the conditions required in the report of the Tariff Committee are more or less satisfied in Bombay. The warning in para 183 of the Fiscal Commission's report that a trade may be ruined by an export duty has to be kept in view. The Govt. of India may

NOTE—Contn. sheet.

G. R. S. III-2

General and Revenue Secretariat. | File No. 140 of 19

Serial No.

be ~~de~~ asked & report definitely on the following points (1) What is the increased tariff in America according to the present law, what is the approximate cost of producing Sandal oil in America. And what is the rate of export duty now proposed to be placed on Sandalwood and would this rate of export duty fall mainly on the foreigner or would it depress production at home? What is the total income expected from the export duty and in what proportion would this income be distributed between Mysore on the one hand and Madras & Coorg on the other? So long as Mysore does not deal any wood and Madras & Coorg have no ~~tariff~~ concession & stop competition with Mysore, would Madras & Coorg have any inclination at all to levy an export duty merely

NOTE—Contn. sheet.

(4

G. R. S. III-2)

General and Revenue Secretariat. | D° File No. (4) of 19 —

Serial No.

& benefit anyone? Should not Madras & Coorg be shown some advantage & Travancore in joining with us and asking for an export duty? As regards Sir Alfred Chatterton's idea of recommending a reserve price & the Madras Govt for sandal wood, would those Govts agree & such a reserve price, so long as they do not see the probable effect of their prices falling below any reserve prices we can suggest? Again what is the position of artificial sandal oil? would the production of artificial substitutes be stimulated by an enhancement as in the case of oil? Then are not the conditions described at paras 174 & 175 of the Fiscal Commission's Report applicable to sandal wood and is not sandal wood only a conditional monopoly

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | de File No. 1140 of 19 22

Serial No.

if it is not only a predominant interest of the Supreme State" as stated in para 299 of the Rical Commission's Report?

4) After the D. S. G. definitely answers the above points, the Govt would be in a position to consider the matter further and think of the action necessary.

5) As orders.

First Member 17-11-22

6) Perhaps the matter could be discussed also with Sir Alfred Chatterton when he comes here

First Member 17-11-22

7)

4148-S-32
18.11.22

I have talked this over with Sir Alfred today. The matter will be further discussed with the Secretary.

Rec.
21.11.22

NOTE—Contn. sheet.

(6

G. R. S. III-2]

General and Revenue Secretariat. | de File No. 440 of 19 ..

Serial No.

1) Personal
Diwan
21/11/22.

2) Sec.
4)
22.11

3) Sub Bill 30-11-22
4)
2 S 22/11/22.
Hem 22/11

GEN. REV. SECRETARIAT
22 NOV 1922
DISTRICT COMMITTEE

5) Resubmitted for further orders with reference to his interim order with attention to his 2nd note.
VS
4.12.22
Hem.
4/12/22

6) Sec.
Orders
Asst
4652-144
5-12-22.
Member
5/12/22.

7) The understanding is that Sir Alfred will make an informal move in the matter himself. At least such is my impression.
Dew
6.12.22

8)
Diwan
Personal
To off Enclosure
6/12/22
4.12.22

NOTE—Contn. sheet.

G. R. S. III-2]

2030

(1

General and Revenue Secretariat. | I & C File No. 140 of 1922

Serial No.

15) For perusal of the Dewan's minute first overleaf

7/12/22

4777-269

9.12.22

B

15)

Seen

Recd

11.12.22

17) A S B 11/12/22

18) 11/12

GEN. & REV. SECRETARIAT 12 DEC 1922 COMMERCE

12/12

NOTE.—Contn. sheet.

Pro 32

9tc 140-11-1 (8)

Extract from D.O. letter No.1027 dated, Bangalore, 28th Septembe 1922 from the Director in charge of the Sandal Oil Factory, to t First Member of Council.

***

x x x

x x x

3. The increased tariff came into operation in the United States from the 23rd instant. This is sure to have some adverse effect on our business. A stock of oil has been sent to the States before hand as already reported to Government. But that will only go a short way. The real remedy lies in moving the Government of India to levy an export duty on Sandalwood. All conditions required in the Report of the Tariff Committee recent published for the levy of such a duty are more or less satisfied respect of this commodity.

Remarks of the Member thereon.

" I do not know if this is so easy after all".

A. S.
Intd. B. V.
6-10-1922.

"This question may be taken and worked up separately n

Intd. M.S.R.
8-10-1922.

FIN. & REV. SEC. 2 NOV 1922 INDUSTRIES & COMMERCE BRANCH.